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KB Jim

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Congressman Coble:

This letter is written to seek your assistance in a matter concerning the Office of Thrift Supervision, or OTS, under its current Director, Ehen Seidman.

In July of this year, this agency issued an interim final rule, under which it will require depositor owned thrifts to submit a business plan to it, prior to seeking its permission to convert to a stock holder owned institution.

It seems that now the OTS may, or may not, grant its permission to convert, depending on whether or not it thinks the thrift needs extra money. Also, if they do grant the conversion, they want the thrift to become a Mutual Holding Company only.

A Mutual Holding Company is nothing more than a club for the good ole boys, meaning the officers and directors of the thrift. Such a conversion has little, or no value, to the depositors unless a second stage conversion is done later.

To my knowledge the FDIC, which supervises the depositor owned state chartered thrifts, does not tell its banks what they can, or cannot, convert to. The Office of Thrift Supervision supervises the Federally chartered thrifts.

Under the FDIC one group of U.S. Citizens can benefit from a bank conversion of their choice, which benefits their interests.

Under the Office of Thrift Supervision another group of U.S. Citizens can only have a government induced conversion of the government's choice.

Both the FDIC and the OTS, have to approve a conversion prior to its taking place. In the past, both have approved all of, or most of, the conversion applications as far as I know. They have let the institutions choose what they wanted in the type of conversion undertaken.

On the surface, the Office of Thrift Supervision seems to be only seeking to perpetuate its own existence. The rest of us had to learn to live with the Tax Reform Act of 1986. Up until then the thrifts served as the primary home loan lender. Now about every banking institution makes them available the Office of Thrift Supervision appears to be redundant.

We are supposed to be living in a democracy where we enjoy certain freedoms of choice, and to make choices that benefit us.

The Office of Thrift Supervision is taking away a lawful choice for a certain segment of U.S. Citizens, some of which are your constituents.

A bank conversion does raise capital which may, or may not, be necessarily needed now. But it is the only way, short of demutualization, that the depositors can monetize their ownership interests in the thrift to their best advantage.

Can you, or will you, render any assistance in this matter.

Thanks very much.

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PS

Some huge thefts, one billion in assets, may benefit some from the mutual holding company structure, but most thefts are not this large.